

SURREY COUNTY COUNCIL

PENSION FUND COMMITTEE



DATE: 20TH DECEMBER 2019

LEAD OFFICER: ANNA D'ALESSANDRO, DIRECTOR OF CORPORATE FINANCE

SUBJECT: LOCAL BOARD REPORT

SUMMARY OF ISSUE:

This report provides a summary of administration and governance issues reviewed, or approved, by the Local Pension Board at its meeting of 24th October 2019 that require noting or action by the Pension Fund Committee.

RECOMMENDATIONS:

It is recommended that the Pension Fund Committee:

1. Notes the progress of the administration service improvement plan II (SIP2).
2. Approves the draft Administration Strategy and allow for a consultation with scheme employers.
3. Approves the draft Service Specification between the Pension Fund and the Pension Administration service.
4. Approves the proposed change to the risk register, as noted in the Risk Register section of this report.
5. Notes the minutes of the Local Pension Board meeting of 24 October 2019 (included as Annexe 1).

REASONS FOR RECOMMENDATIONS:

The Public Sector Pensions Act 2013, requires Local Pension Boards to assist the Scheme Manager in securing compliance with the LGPS Regulations and requirements imposed by the Pensions Regulator. This report provides the Pension Fund Committee with insight in to the activities of the Local Board and furthers the successful collaboration of the Committee and Board in managing risk and compliance and promoting effective governance.

This meets the Fund's strategic governance objectives.

DETAILS:

The Administration Service Improvement Plan II (SIP II)

1. At its meeting of 13 September 2019 the Pension Fund Committee were provided with details of the significant issues in pension administration reported to the Local

Board which had resulted in the developing of an administration service improvement plan.

2. The Pension Fund Committee approved the following governance steps in order to expedite progress of the administration service improvement plan and provide appropriate assurance:
 - Pension Administration Officers to provide cost estimates to Pension Fund Officers for each project in the Service Improvement Plan.
 - Fund Officers to set out and agree with Pensions Administration Officers the appropriate assurances in support of the projects in the Service Improvement Plan.
 - The Business Case for the Service Improvement Plan to be written and agreed by the Pension Administration Officers and Fund Officers.
 - Authorisation of the Business Case to be delegated to officers (including the Director of Corporate Finance) in consultation with the Chairman of the Pension Fund Committee and the Chairman of the Local Pension Board.
3. These governance steps have now been completed and a SIP Assurance document was approved by the Director of Corporate Finance and shared with the Chairman of the Pension Fund Committee and Chairman of the Local Pension Board on 22 November 2019.
4. The Local Pension Board will be provided with a regular update on the progress of SIPII, which will be monitored by the SIPII Pension Administration Executive, made up of key officers, including the 151 Officers from both Surrey and East Sussex, Head of Pension from both Surrey and East Sussex, the Asst. Director of Business Operations (Orbis) and the Lead Pension Manager (Orbis).

Draft Administration Strategy

5. The Administration Strategy sets out the overall arrangements for administering the Pension Fund, and the quality and performance standards expected of the Fund and scheme employers. The previous Strategy was approved by the Pension Fund Committee in 2017 and many changes have occurred since then which require review.
6. The revised strategy sets out the expected levels of performance and the remedial actions to be taken. It has been produced in collaboration by the Pensions Administration team and Fund officers.
7. The revised Administration Strategy was approved by the Local Board and, on approval by the Pension Fund Committee, will be issued for consultation with scheme employers, up to the end of January 2020.
8. The Draft Administration Strategy is included as Annexe 2.

Draft Service Specification for the pension administration function

The service specification sets out the relationship and expected levels of performance between the Pension Administration team and the Pension Fund. The

previous service specification was approved by the Pension Fund Committee in 2017 and many changes have occurred since then which require its review.

9. The revised Specification has been produced in collaboration by the Pensions Administration team and Pension Fund officers.
10. The revised Service Specification was endorsed by the Local Board and, on approval by the Pension Fund Committee, will be implemented from April 2020.
11. The Draft Service Specification is included as Annexe 3.

Risk Registers

12. The Board endorsed the addition of a risk in the Administration Risk Register in respect of the future move from County Hall. It agreed that this should be flagged as a red risk because many Pensions Administration staff live within five miles of County Hall and this may impact staff retention. The Pensions Lead Manager explained that it represented the biggest risk in the Service Improvement Plan in terms of potential disruption.

CONSULTATION:

13. The Chairmen of the Pension Fund Committee and the Local Pension Board have been consulted on this report.

RISK MANAGEMENT AND IMPLICATIONS:

14. Risk related issues have been discussed and are contained within the report.

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS

15. The performance of the Pensions Administration function does present potential financial and value for money implications to the Pension Fund. The monitoring of these implications is discussed within the report.

DIRECTOR OF CORPORATE FINANCE COMMENTARY

16. The Director of Corporate Finance is satisfied that all material, financial and business issues and possibility of risks have been considered and addressed.

LEGAL IMPLICATIONS – MONITORING OFFICER

17. A Local Pension Board is a requirement under the Public Service Pensions Act 2013. There are no legal implications or legislative requirements.

EQUALITIES AND DIVERSITY

18. The approval of the various options will not require an equality analysis, as there is no major policy, project or function being created or changed.

OTHER IMPLICATIONS

19. There are no potential implications for council priorities and policy areas.

WHAT HAPPENS NEXT

20. The following next steps are planned:

- Issue the Pension Administration Strategy for consultation.
- Implement the Service Specification and the Service Improvement Plan II.
- Receive further reports and continue collaboration between the Pension Fund Committee and Local Pension Board.

Contact Officer:

John Smith, Senior Advisor

Annexes:

1. Minutes of the Local Pension Board meeting 24 October 2019
2. Draft Administration Strategy
3. Draft Service Specification

Sources/background papers:

1. The Administration Service Improvement Plan II
2. The pension fund risk registers